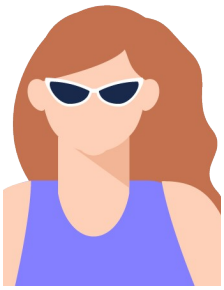
CALCULATE: Return On Your College Investment

For each scenario, use the Lifetime Earnings Calculator In Canvas to figure out the long-term impacts of student loans debt, career choice, and salary expectations on your lifetime earnings.

Assumptions

- All individuals work from graduation until the age of 65
- Associate Degrees are completed in 2 years, Bachelor's Degrees are completed in 4 years, and Master's Degrees are completed in 6 years
- All tuition is paid for by federal student loans
- For simplicity, tuition does not include living expenses or additional fees
- Inflation is not considered
- Loan interest is incorporated into lifetime earnings in a simplified way

Scenario 1: Entry-level Retail vs. Accountant

Alex - High School Graduate	Jordan - Bachelor's Degree
	
• **Career Path**: Entry-level job in retail • **Starting Salary**: $40,000[1] • **Annual Raise**: 3%	○ **Career Path**: Accounting ○ **College**: Public University (4 years) ○ **Tuition**: Approx. $6,624 per year in-state[2] paid for by Federal Student Loans at a 5% interest rate over 20 years. ○ **Starting Salary**: $55,000[3] ○ **Annual Raise**: 3%

1. **Enter the information for Alex into the spreadsheet.**
    a. What are their lifetime earnings after 5 years?

    b. What are their lifetime earnings after 20 years?

    c. What are their lifetime earnings at retirement?

2. **Enter the information for Jordan into the spreadsheet.**
    a. What are their lifetime earnings (after tuition expenses) after 5 years?

    b. What are their lifetime earnings after 20 years?

    c. What are their lifetime earnings at retirement?

1
2
3

3. **Compare**
    a. Besides the cost of attending college, what are some other factors that could impact an individual's lifetime earnings?

    b. Why are Jordan's lifetime earnings significantly lower after the first 5 years?

    c. Do you think it was worth it for Jordan to delay working to attend college?

Scenario 2: Dental Hygienist vs. Social Worker

Mia - Associate Degree	**Liam - Bachelor's Degree**
• **Career Path**: Dental Hygienist • **College**: Trade School (2 years) • **Tuition**: $3,412 per year[4] paid for by Federal Student Loans at a 5% interest rate over 10 years. • **Starting Salary**: $78,000[5] • **Annual Raise**: 3%	○ **Career Path**: Social Work ○ **College**: Private University (4 years) ○ **Tuition**: $37,000 per year paid for with Federal Student Loans at 5% interest over 20 years[6] ○ **Starting Salary**: $55,000[7] ○ **Annual Raise**: 3%

4
5
6
7

1. **Enter the information for Mia into the spreadsheet.**
    a. What are their lifetime earnings after 5 years?

    b. What are their lifetime earnings after 20 years?

    c. What are their lifetime earnings at retirement (45 years)?

2. **Enter the information for Liam into the spreadsheet.**
    a. What are their lifetime earnings after 5 years?

    b. What are their lifetime earnings after 20 years?

    c. What are their lifetime earnings at retirement?

3. **Compare**
    a. How much less did Liam make when compared to Mia?

    b. Why might someone choose a career path like Liam's, despite the financial disadvantages compared to a path like Mia's?

Reflection:

1. What are the financial implications of taking out student loans for education?